

Only The Start For The Shareholder Rights Directive



Although we are now on the other side of the Shareholder Rights Directive (SRD II) 3 September deadline, by no means does the work stop here. For many, the focus will now centre on managing any changes and challenges brought on from the regulation on an ongoing basis. Over the next 12 months, we expect meeting these requirements to be significant from an operational and business perspective. For others that were less well prepared, there is a more pressing need to formulate plans and move ahead with deploying an effective solution.

Intermediaries that operate between issuers and investors must ensure they adapt to ongoing market practice changes, market volatility, and pressure from internal and up and downstream external stakeholders - something we have certainly seen a lot of in 2020.

Broadridge's SRD II solution is market-ready and has been in operation since the September go-live date. We offer an agile, end-to-end solution and have efficiently and effectively onboarded new clients based both within and outside of Europe, including both retail and institutional-focused firms. We remain agile and alert to any changes within the regulation's stringent and complex data standards through our proactive engagement with industry authorities and market participants throughout the investor communications ecosystem.

More recently we have been collaborating with SLIB, a leading-edge software vendor in electronic voting and securities services based in France, to offer a joint, cross-border proxy voting solution for SRD II compliance, covering European shareholder meetings. Explicitly designed for French intermediaries, including the retail sector, the fully automated solution will leverage

Broadridge's industry-leading Global Proxy solution and includes an STP connection to SLIB's Votaccess®, the leading electronic voting platform in France which manages more than 80% of CAC 40 companies' General Meetings.

There is no doubt that there have been challenges to the regulation, notably: interpretation, lack of standardisation and implementation. These are slowly being resolved but will take time. It is also clear that the dramatic shift to remote working due to COVID-19 has been a significant hurdle for some intermediaries on the road to compliance. While most financial institutions were able to move to work from home set-up quickly, this did not eliminate the real day-to-day challenges experienced by staff at the pandemic height.

Overall, I have been extremely impressed with the agility that the industry has displayed thus far. With an uncertain outlook on the horizon, these new cooperative working skills will provide an excellent grounding for the future. The upcoming proxy season in 2021 will likely prove itself to be the most crucial test for the industry and the regulators.

SRD II remains a significant opportunity to improve corporate governance standards in Europe, bringing greater transparency and efficiency to investor communications and driving higher stewardship standards and improved investor engagement levels. It has also compelled many intermediaries to rethink and invest in their technology, which should ultimately lead to higher efficiency levels and an enhanced and more empowering end-client experience.

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